

MEMORANDUM

February 28, 2005

TO: THE LOS ANGELES COUNTY CLAIMS BOARD

FROM: FRANCIS E. SCOTT
Principal Deputy County Counsel
Public Works Division

RE: **Claim by Melvin Morris Regarding Damage to Auctioned Property at
300 Rosecrans Avenue, Compton, California**

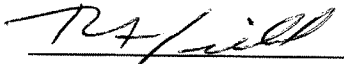
DATE OF
INCIDENT: November 2004

AUTHORITY
REQUESTED: \$45,000

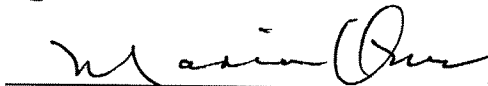
COUNTY
DEPARTMENT: Chief Administrative Office

CLAIMS BOARD ACTION:

☒ Approve ☐ Disapprove ☐ Recommend to Board of
Supervisors for Approval

, Chief Administrative Office
ROCKY ARMFIELD

, County Counsel
JOHN F. KRATTLI

, Auditor-Controller
MARIA M. OMS

on March 7, 2005

SUMMARY

Melvin Morris ("Morris") purchased surplus County real property at auction. Before title or possession was transferred, the property was vandalized by unknown parties. Notwithstanding this, Morris paid his full bid amount and escrow closed, upon the understanding that County would repair the damage caused by the vandalism. However, rather than having the County complete the repairs, it is currently proposed that the County pay Morris the sum of \$45,000 in full satisfaction for the damages to the auctioned property.

LEGAL PRINCIPLE

The risk of loss to property caused by vandalism does not shift to a purchaser until title or possession of the property is transferred to the purchaser.

SUMMARY OF FACTS

The County owned real property located at 300 Rosecrans Avenue, Compton. The property was the former Compton Health Center. It was declared to be surplus to County's needs in 2003. Morris purchased the property at auction on October 26, 2004. Thereafter, before title or possession of the property was transferred to him, it was vandalized by unknown persons. The vandals broke through fencing and security bars to enter the building and looted the copper piping and plumbing fixtures. In the process, they broke the main water line which resulted in flooding to the basement, where the electrical and mechanical systems were located. Damage included destruction of part of the electrical, plumbing, heating, ventilating, and air conditioning systems.

In order to reduce the potential for further damage to the premises due to its vacancy, the Chief Administrative Officer ("CAO") accelerated the closing date of the escrow and transferred the property to Morris with the understanding that the County would repair the damaged systems. Accordingly, Morris paid his full auction bid in the amount of \$910,000 without setoff.

DAMAGES

The damage caused by the vandalism is estimated by the CAO to be in excess of \$45,000. Industry estimates to repair the damage to the electrical system alone range from \$35,550 to \$60,620. Both Morris and the CAO agree that the sum of \$45,000 will compensate Morris in full for the damage to the property.

STATUS OF CASE

No formal claim or legal action has been commenced by Morris. However, there have been extensive communications between Morris and CAO staff on this issue. The proposed settlement will be memorialized in a Settlement Agreement through which Morris will release the County from any liability or expense in connection with his purchase and repair of the property.

EVALUATION

It is in the best interests of County to settle this matter by paying the sum of \$45,000 to Morris. The vandalism occurred while the property was still owned by the County and was still under its care and control. The CAO's estimate for the cost of repairing the damage exceeds the amount Morris is willing to accept in full and complete settlement. The CAO concurs with the recommended settlement.

APPROVED:

A handwritten signature in black ink, appearing to read "Richard D. Weiss", is written over a horizontal line.

RICHARD D. WEISS
Assistant County Counsel
Public Works Division

RDW:FES:mh